

In the weekend update I presented the 3 main counts: A) Wave-d of an a,b,c,d,e Major-4 triangle is underway: 25%. **B) Major-4 triangle completed at SPX2595, intermediate-i of major-5 underway: 40%.** C) Major-4 completed even earlier, minor-1 of intermediate-iii of major-5 underway: 35%. Today, I want to focus on the highest probability count. The detailed wave count is shown in Figure-1 and (grey) minute-iv of (green) minor-3 of intermediate-i is now underway to ideally SPX2708 +/- 2p. The alternative is that all of intermediate-i already peaked, at today's high of SPX2742, but there's no real technical indication (neither on daily TIs nor market breadth) to support this case. Hence, why it's the alternative for now.

Moving back to the preferred count: we have minute-iii reaching the 1.236x extension of minute-i, which is text book. In such a case, minute-iv than often retraces to the 76.4% retrace before minute-v takes hold and targets the 1.764x extension for v=i (SPX2778) or the 1.618x extension for v=0.764x i (SPX2768). A break below SPX2698 will take this count off the table.

Figure 1. SPX 1-min chart. **A) Minute-iii of minor-3 of intermediate-I of major-5 in?! Minute-iv to ideally SPX2710+/- 2 underway?**



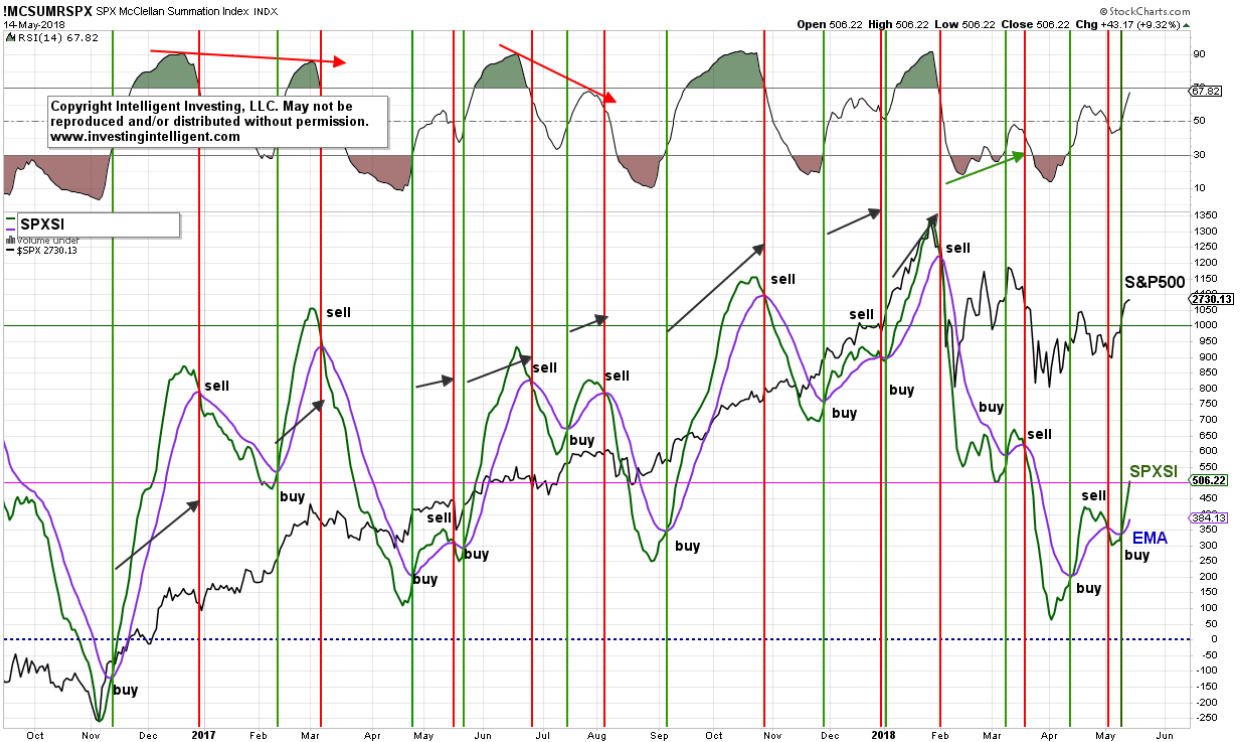
The daily chart improved further today as price moved higher. The RSI5 is now nicely overbought, and has stayed that way for the past four trading sessions, which is a significant development as the prior three times since the ATH the RSI5 became overbought it only did so for two days. This “staying overbought” is more typical (3rd wave) impulse behavior, while “top and drop” is more typical of corrective (b-wave) behavior. The max overbought readings are often also typical for 3rd of 3rd waves: minute-iii of minor-3 as shown in Figure 1. For now all indicators are on a buy and pointing higher, wanting to see higher prices. There’s no negative divergence in place, hence no larger correction (>50p) is to be expected.

Figure 2. SPX daily chart: *Upside continues. Technicals more indicative of an impulse up than a corrective wave.*



The S&P500's McClellan Oscillator (MO) ended today at +23, down 15p compared to Friday but the number of advancing stocks continues to be much more than the number of declining stocks: Bullish. The SPX-SI ([Cumulative] Summation Index of the MO) remains therefore firmly on a buy since last week. All other SIs are still on a buy as well: Bullish, as all MOs are still solid (e.g. the DJIAMO and NDXMO are in the 60s). Thus, breadth remains in the Bull's camp. The CPCE (equities only put/call ratio) ended higher today at 0.62: elevated to neutral.

Figure 3. SPX-SI (and all other SIs) remains on a buy.



INDEX (change from prior day)	SPX	NAS	NDX	DJIA	NYA
McClellan Oscillator (MO)	+43 (-15)	+24 (-10)	+66 (-2)	+67 (+3)	+31 (-10)
Summation Index (SI)	Buy	Buy	Buy	Buy	Buy

In conclusion: The Bulls appear to be in charge, with major-4 most likely in at SPX2595. For now, and dare we say finally, it seems the market is once again starting to follow a nice impulse pattern. As long as SPX2698 holds I view the market as targeting SPX2768-2778 more directly for minor-3 of intermediate-i of major-5. Breadth is still positive and strong enough to allow for more upside. There's no negative divergence on any of the daily TIs, which are all firmly pointing higher and behaving like a 3rd wave of an impulse, rather than a "top and drop" corrective wave.

How to trade this? Short- to long-term traders should all be long by now, with a stop below SPX2698 for now and on a close below the 200d SMA; respectively. All systems are on a buy/long.

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